

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 18 – HB 131

March 6, 2015

SUMMARY OF BILL: Authorizes any establishment in Eagleville in Rutherford County that is licensed to serve beer to also serve alcoholic beverages and wine for on-premises consumption as a premier type tourist resort.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue – \$300/One-Time/ABC Fund
\$2,000/Recurring/ABC Fund
\$6,400/Recurring/General Fund**

Increase Local Revenue – \$5,700/Recurring/Permissive

Assumptions:

- This bill will apply to one establishment in Rutherford County.
- There is an initial application fee of \$300 and a \$2,000 annual license renewal fee payable to the Tennessee Alcoholic Beverage Commission (ABC).
- No additional personnel or resources will be required by the ABC.
- Local privilege tax is estimated to be \$1,000 annually. Any increase in local government expenditures for collecting local privilege taxes is estimated to be not significant.
- It is assumed that the establishment will begin selling alcohol in FY15-16.
- State and local sales taxes and a 15.0 percent liquor-by-the-drink (LBD) tax will be assessed on alcoholic beverage sales.
- The current state sales tax rate is 7.0 percent; the local option sales tax rate in Rutherford County is 2.75 percent; the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- Pursuant to Tenn. Code Ann. § 57-4-306(a), 50.0 percent of the 15.0 percent LBD tax is allocated to the state General Fund and 50.0 percent is distributed to the local government.
- Based on the average LBD taxable base in six municipalities with the similar population as Eagleville, calculated by the Department of Revenue, and assuming reasonable growth rates in LBD tax collections, the average taxable base for this establishment is estimated to be approximately \$45,000 per year.
- The recurring increase in state revenue to the General Fund is estimated to be \$6,411 $[(\$45,000 \times 7.0\%) - (\$45,000 \times 7.0\% \times 3.617\%) + (\$45,000 \times 15.0\% \times 50.0\%)]$.
- The recurring increase in local revenue is estimated to be \$5,727 $[\$1,000 + (\$45,000 \times 2.75\%) + (\$45,000 \times 7.0\% \times 3.617\%) + (\$45,000 \times 15.0\% \times 50.0\%)]$.

- Any revenue collected from any state or local taxes imposed on manufacturers or wholesalers is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, appearing to read "Jeffrey L. Spalding". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Spalding" clearly distinguishable.

Jeffrey L. Spalding, Executive Director

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